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PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD COUNTRY PROGRAMME FOR GRENADA

Programme period	Resources	$
1992-1996	Net IPF	1 289 000
	Estimated cost-sharing	200 000
	Total	1 489 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. Grenada's open economy makes it both dependent on and vulnerable to global economic trends. Grenada experienced favourable economic growth during the 1985-1990 period, as evidenced by an increase in gross domestic product (GDP) averaging 6.4 per cent per annum. This positive growth has been propelled by strong performances in the tourism, construction and manufacturing sectors and in some parts of the agriculture sector. However, the growth in these sectors has been tempered by declining export earnings and a widening trade deficit.

2. Since 1988, the balance of trade has steadily deteriorated and the Government has placed a high priority on containing the growing proportion of recurrent revenue needed to finance the domestic and external debt. The gap between export earnings and import costs in 1990 was more than $62 million and outstanding external public debt in 1990 amounted to 41 per cent of GDP.

3. The fiscal difficulties experienced in Grenada have contributed to a reduction in employment opportunities, yielding an unemployment rate approaching 30 per cent, with women and young people among the hardest hit. Grenada has been able to sustain an expanding social system that warranted a human development rating of 64 on the UNDP Human Development Index and reflected a high literacy rate and country-wide access to health care. Reduction in the high levels of unemployment and alleviation of poverty will continue to be critical components of the Government's responsibilities.

B. National development objectives and strategies

4. Since Grenada's recent economic policies have failed to effect the structural changes required to achieve sustainable economic growth and development, the Government has embarked upon a national economic development strategy for 1991-1995. The strategy, which is essentially a structural reform programme, is an attempt to provide better fiscal management while offering reasonable prospects of a sustainable rise in living standards without resorting to a formal arrangement with the World Bank or the International Monetary Fund (IMF).

5. The programme is designed to contain the current levels of expenditure, expand external markets in both traditional and non-traditional crops, identify new industrial and manufacturing market niches, reduce the high levels of unemployment and poverty and mobilize higher levels of private and public savings and investment to stimulate employment and encourage fiscal stability. Export-led growth continues to be the principal strategy for the medium term, as well as development and diversification of the tourism industry.

6. The programme also recognizes that efforts must be directed towards strengthening the institutional capacity of Grenada for strategic planning and coping with the human resource constraints engendered by shortages of skilled personnel in technical and managerial categories.

7. Sustainable development is also dependent on the ecological capacity of the natural resource base. The structural reform programme places emphasis on strengthening the country's ability to manage its natural resources.

II. EXTERNAL COOPERATION

A. Role of external cooperation

8. Donor assistance to Grenada is an important source of development financing. The total value of all externally financed projects during the second country programme amounted to nearly $30 million, with approximately 80 per cent of the funding utilized in capital programmes. The principal sectors of assistance have included education and training, administration and planning, industry, transport and agriculture.

9. During the course of the second country programme, the United States Agency for International Development (USAID) and the Canadian International Development Agency (CIDA) provided support for tourism development, largely by providing assistance in the rehabilitation of parks and historical sites and road and bridge infrastructure. USAID has also provided major sewerage works in Grand Anse and several industrial parks to enhance the agro-processing sector. The British Development Division (BDD) has been active in community development, and the French Government has supported Grenada's diversification efforts in the development and propagation of non-traditional crops. CIDA has provided technical assistance in cocoa rehabilitation, as well as technical support and training to the Accountant General's office and the Public Sector Investment Programme (PSIP). CDB has provided technical assistance in the recently completed preparations of the Government's national economic development strategy.

10. While not all donor organizations have finalized their programmes for 1992 and onward, support for water infrastructure appears to be secured from BDD, CIDA, and the Government of France. CIDA can be expected to continue to provide human resource development assistance under its Eastern Caribbean Economic Management Programme and to continue assistance to the cocoa rehabilitation project. The French Government will undertake airport repairs, and the European Economic Community's areas of concentration will be export trade, agriculture, tourism and transportation. The Organization of American States will support community development, vocational training, and land resource management programmes. While USAID has not yet programmed its assistance, it can be expected to support the tourism sector.

11. UNDP technical assistance has focused mainly on the agriculture and education sectors, with emphasis on vocational training. UNDP has utilized the technical expertise of the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organisation (ILO) and the United Nations Centre for Human Settlements (Habitat) (UNCHS) during the second country programme.

B. Aid coordination arrangements

12. The Ministry of Finance is responsible for the coordination of all external assistance to Grenada. UNDP cooperates closely with the Ministry in the formulation and implementation of technical cooperation projects in support of the Government's development efforts.

13. The Caribbean Group for Cooperation in Economic Development (CGCED) provides a forum for consultation among the various donors in Grenada. To complement the activities of the CGCED, UNDP has begun to convene a series of sectoral or thematic consultations on a quarterly basis. The Government of Grenada strongly supports this institutionalization of a framework for donor cooperation throughout the Caribbean in general, and particularly as it applies to the implementation of the Government's structural reform programme.

14. The Government of Grenada supports UNDP intentions to strengthen the consultative process with the Secretariat of the Organization of Eastern Caribbean States (OECS) through more formalized participation of all member States in the prioritization of UNDP assistance and better coordination of UNDP technical cooperation interventions at the subregional level.

15. UNDP will continue its coordinating role in disaster prevention and relief and will work with the recently established Caribbean Disaster Emergency Response Agency and the Office of the United Nations Disaster Relief Coordinator (UNDRO) to facilitate coordination in the event of natural disasters and in the implementation of an emergency information network.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

16. During the second country programme, UNDP technical cooperation focused on four broad themes: manpower development and employment, development of infrastructure and natural resources, intensification and diversification of agricultural production and tourism development. The programmes and projects which emerged as the cycle progressed represented a modest advance towards the achievement of national objectives. The themes had served as a frame of reference for categorizing what were often ad hoc sectoral technical assistance activities, mainly because of the difficulties encountered by the Government of Grenada in formulating strategic-level sectoral goals. A number of UNDP projects were peripheral to national efforts and objectives in some

sectors, and there was insufficient data for assessing the impact of technical assistance interventions.

17. The mid-term review confirmed a shift in government priorities with a reallocation of technical assistance resources to the agriculture sector. UNDP interventions were accordingly redirected and approximately 25 per cent of the indicative planning figure (IPF) allocation was applied to a major agricultural diversification and land reform programme based on revised land use policies.

18. A substantial share of Grenada's IPF resources was aimed at resolving problems of human resource development, but the projects which emerged concentrated on providing experts and consultants for short-term assignments. Institutional weaknesses often prevented the Government from integrating the results of the work of external personnel into its ongoing programmes.

19. The use of United Nations Volunteers has proved to be a cost-effective modality for providing the Government with qualified personnel. However, the service of the United Nations Volunteers must be weighed against the root causes of human resource shortages and their services, in some cases, have delayed the implementation of long-term solutions to technical and managerial shortcomings.

20. In the second country programme, these institutional capacity problems were complicated by poor project formulation and inflexible implementation modalities.

B. Proposals for UNDP cooperation

1. Preparatory process

21. The design of the third country programme for Grenada has been the result of a comprehensive review of the second country programme, the advisory note, as well as an intensive dialogue between UNDP and the Government to identify the principal areas of concentration for UNDP technical cooperation based on the comparative advantages of UNDP.

22. The United Nations specialized agencies represented in the Caribbean have been fully involved in the formulation of the third country programme. All agencies submitted briefs outlining their priorities and proposed activities for the fifth cycle.

23. The process of programme formulation is to be guided by a number of important preconditions, the most important of which is the Government's precise articulation of its strategic-level sectoral goals and objectives. This process will involve the quantification of available resources at the national level as well as external donor support for specific programmes.

24. This approach should also provide a basis for assessing the impact and results of technical interventions. More importantly, however, it will attempt to address the issue of capacity-building and to explore imaginative and creative ways to resolve long-standing institutional capacity questions. Maximum use will be made of the comparative advantages of UNDP, in particular its neutrality and access to a network of high-quality expertise and experience.

2. Strategy for UNDP cooperation

25. The Government's structural reform programme, as articulated in the national economic development strategy, provides a well-defined programme. UNDP assistance for the third country programme will therefore concentrate on the following areas, which are consistent with the priority areas outlined in Governing Council decision 90/34: (a) management development; (b) social impact amelioration; and (c) environmental protection and natural resource management.

3. Proposed UNDP cooperation in selected areas of concentration

26. Manpower development (38 per cent of IPF). With the severe shortages of skilled human resources to support the fiscal objectives of the Government, UNDP technical assistance will focus on management development in the fiscal sector.

27. CDB assistance and technical cooperation among developing countries (TCDC) arrangements with Jamaica will ensure that the Government's Macroeconomic Planning Unit will have a substantially improved macroeconomic modelling capability and a well-defined strategy for mobilizing external resources to implement the structural reform programme. With assistance from the Economic Commission for Latin America and the Caribbean (ECLAC), UNDP has undertaken a review of the macroeconomic strategy and identified the principal areas for priority attention.

28. One of the principal project activities in the structural reform programme is the development of a strong revenue collection unit designed to improve government efforts to achieve substantial increases in revenue. UNDP management development assistance will be concentrated on the Inland Revenue Department with a view to strengthening financial management and restructuring the tax administration system. Support for training in this sector will be requested from the British Development Division, CDB and Canada.

29. The structural reform programme also highlights the need to attract more foreign and domestic private and public investment through the Industrial Development Corporation. UNDP will provide management development assistance to the Industrial Development Corporation in identifying current regulatory restrictions likely to discourage suitable manufacturing joint ventures. This

assistance will build upon a UNIDO evaluation of the manufacturing sector and the fiscal and industrial incentives in place to promote industrial development.

30. Social impact amelioration (28 per cent of IPF). While per capita incomes have been maintained at the same level in real terms, unemployment is on the rise in Grenada. In addition, unsustainably high levels of deficit financing have prompted a shift towards fiscal austerity which will further affect the number of people unemployed and living at poverty levels. The Government's structural reform programme contains fiscal measures which will severely strain its ability to maintain a basic social infrastructure.

31. The formulation of a social development plan to ease the effects of stabilization policies will be critical. UNDP technical cooperation in the preparation of that plan and in the identification of project activities will comprise a substantial component of the third country programme. The experience and expertise developed in Latin America will be taken into account, as will recent experience in both Jamaica and Guyana. Anticipated assistance from the United Nations Development Fund for Women (UNIFEM) and ECLAC will complement UNDP inputs.

32. The structural reform programme aims to increase the participation of the unemployed and underemployed through paid employment in the formal sector or though other income-generating activities in the informal sector. Ongoing UNDP-supported project activities directed towards small-scale enterprise development will be continued in the third country programme and will constitute a major activity under the social development plan.

33. In implementing these two components of the programme, particular attention will be given to ensuring the full participation of women. A special earmarking of funds with complementary funding from UNIFEM will be set aside for women's programmes.

34. Environmental protection and natural resource management (34 per cent of IPF). Grenada's structural reform programme is designed to promote the Government's economic development objectives and will require increased efforts to ensure environmental sustainability.

35. UNDP technical cooperation in the third country programme will focus on the provision of environmental and physical planning assistance, including a detailed land use plan specifically outlining tourism development zones. Ongoing UNDP/UNCHS assistance in implementing a long-term physical plan for Grenada will be continued, with greater emphasis on improved natural resource management and environmental planning. The utilization of aerial photography and radar imagery from CIDA will be a major input in the development of a spatial database, and it is anticipated that CIDA will provide support for the establishment of a geographical information system to complement UNDP assistance. Land use enforcement and protection regulations will be strengthened and efforts will be made to achieve better coordination and harmonization of environmental management functions within the various government departments in Grenada.

C. Cooperation outside selected areas of concentration

36. There have been 27 reported cases of AIDS for the period 1986-1991. UNDP has encouraged health authorities to raise the level of public awareness and promote AIDS education among the general population and young people in particular, and has offered support in this endeavour. The Government has created a National AIDS Committee. UNDP assistance in this area may be sought.

D. Implementation and management arrangements

37. UNDP actively supports the growth of expertise in regional institutions and programmes developed by the OECS Governments. Where the objectives of OECS countries are identical, UNDP encourages the formulation of multi-country projects utilizing resources available in regional institutions.

38. The Government of Grenada will identify other funding sources, including cost-sharing contributions from its own budgetary resources or third-party cost-sharing with other bilateral and multilateral donors for the third country programme. UNDP will cooperate with the Government to review the mechanisms in place in order to achieve better donor coordination, particularly for non-United Nations resources.

39. Coordination of the programme objectives relating to national capacity-building will rest principally with the Government. UNDP will encourage national execution and strengthen the capacity of the Government to manage, monitor, assess and audit technical assistance activities.

40. United Nations system expertise will assist in the formulation of the programme framework on the basis of high-quality situation analyses and discussions at the policy and programme levels. In addition, a careful assessment of national capacities and budgetary resources plus greater attention to project design and programme coherence should enhance the impact of the new country programme. Quantifiable indicators of success in actually building national capacities are to be included in the specific projects to be formulated under the new programme.

41. The programme is to be reviewed through the mechanism of the quarterly consultations between the Government, the OECS and UNDP. In addition, these consultations monitor the continuing adequacy of the complementarity between the country programme, the multi-island programme and the Caribbean regional programme.

42. A formal mid-term review will be undertaken in 1994.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

	(Thousands of dollars)	
Carry-over from fourth cycle IPF	-	
Fifth cycle IPF	1 289	
Subtotal IPF		1 289
Project cost-sharing (Government)	100	
Project cost-sharing (third party)	100	
Programme cost-sharing	-	
Subtotal cost-sharing		200
TOTAL		1 489

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	(Thousands of dollars) IPF	Cost-sharing	Total	Percentage of total resources
Management development	515	50	565	38
Poverty alleviation	322	100	422	28
Environment	450	50	500	34
Subtotal	1 287	200	1 487	100
Unprogrammed reserve	2	-	2	-
TOTAL	1 289	200	1 489	100

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds		
SPR	-	
UNCDF	-	
UNSO	-	
UNIFEM	300	
UNRFNRE	-	
UNFSTD	-	
Subtotal		300
B. Other United Nations resources		
JCCP participating agencies		
UNFPA	-	
UNICEF	-	
WFP	-	
IFAD	-	
Other United Nations agencies (non-UNDP financed)	-	
Global Environment Facility	-	
Subtotal		-
Total non-core and other United Nations resources		-
C. Non-United Nations resources a/		-
TOTAL		300

a/ Funds originating from the implementation of management services agreements.

Annex II

PROGRAMME MATRIX

	Area of focus a/					
	Poverty eradication and grass-roots participation in development	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I. Management development						
Macroeconomic planning and statistics			*	*		*
Financial management and tax administration			*			
Institutional strengthening of the IDC	*		*			*
II. Poverty alleviation						
Support for small-scale enterprise development	*					*
Agricultural production technology	*				*	*
III. Environmental protection and natural resource management						
Physical plan implementation		*	*			
Land use management		*			*	

a/ Asterisks indicate major linkage only.